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FROM THE ESTATE OF
FRANCIS GREENWOOD PEABODY

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Dean, Professor Emeritus
1877-1936

$$\frac{x-9}{14}$$



THE LABOUR PROBLEM

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THE
LABOUR PROBLEM

BY
GEOFFREY DRAGE, M.P.

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1896

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THIS VOLUME IS DEDICATED TO
A GREAT LAWYER AND SINCERE PATRIOT
SIR WILLIAM WINDEYER, LL.D. CANTAB.
CHANCELLOR OF THE UNIVERSITY OF SYDNEY
AND SENIOR PUISNE JUDGE OF THE SUPREME COURT OF
NEW SOUTH WALES
AS A MEMENTO OF THE PLEASANT DAYS SPENT WITH HIM
AT ATHENS AND MARATHON
AND OF HIS KINDNESS AND HOSPITALITY TO THE AUTHOR
IN AUSTRALASIA



PREFACE

THE present volume is intended to deal with the Labour Problem from the point of view of the practical legislator. In a future volume I hope to deal with the great self-governing associations of the employing and working classes, and especially with their contribution to social peace. The two will complete the work undertaken in previous volumes on the Unemployed (1894) and the Problem of the Aged Poor (1895), as well as in papers on Alien Immigration and the Labour Question in Foreign Countries, read before the Royal Statistical Society (December 1894) and the Society of Arts (February 1895).

I have been led by many years of travel and study, as well as by the practical experience gained during my connection with the Labour Commission, to maintain that in Self-help, as opposed to Socialism, the chief remedy for our national troubles lies. Self-help must, of course, be supplemented by a steady and sympathetic administration of existing laws, assisted from time to time by practical detailed amendments of these laws to meet the ever-varying conditions of industry and commerce. What is wanted is the individual attention and co-operation of all classes in removing the petty grievances of every-day life, together with a cordial recognition of what the working classes have done and can do for themselves. For a general reconstruc-

tion of society, and, indeed, for any so-called heroic legislation, there appears to be no need. 'It is,' if I may quote from a letter I addressed to the 'Times' in January 1895, 'by the resolute application of common-sense remedies to individual difficulties as they occur, and the development of the spirit of local self-government as opposed to the action of any central department, that we shall solve the social problem in so far as, humanly speaking, it ever can be solved.'

It only remains for me to thank Miss BLOMEFIELD, Mrs. MUMFORD, and Miss LUARD, who have assisted me with the present volume. If it leads any fresh inquirer into the field, or induces any of those who have not considered these questions to take an interest in them, I shall be sufficiently rewarded for the labour which specialists will at once see must have been required.

G. D.

April 19, 1896.

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THE LABOUR PROBLEM

INTRODUCTION

SELF-HELP AS THE DOMINANT PRINCIPLE IN THE ENGLISH SOCIAL ORGANISATION

1. *The Associative Movement amongst Individuals.*

1. THE most striking feature of the development of the labour movement in England is to be found in the formation of voluntary associations which combine the powerful motive force arising from the recognition of high ideals with the dogged pursuit of certain practical objects. The English capacity for self-help, the union in our character of personal independence with a tendency to associative action, these are the qualities which have attracted the attention of every recent foreign student of social questions, and especially of the labour question, in England. Whether we study the history of the old guilds and of modern trade unions with Dr. Brentano, the complex constitutions of the various forms of friendly societies with Dr. Baernreither, or the gradual progress towards a social peace based upon voluntary organisation with Dr. von Schulze-Gaevernitz, the verdict is the same; whether we look at the associations of working men from the standpoint of their social and political influence with the Comte de Paris, or study them as they affect the lives and homes of individual workmen with M. Paul de Rousiers, they serve to point an identical

English
capacity
for volun-
tary or-
ganisa-
tion.

- [1.] moral. Although the associative movement of which I speak has only gained its present vast dimensions during comparatively recent years, it is by no means of recent origin, but rather, I believe, as old as the English race, although stimulated, modified, or repressed, according to the varying circumstances of each age. Thus, for instance, in the fourteenth century what we may call the guild movement was at its height, and these corporations to a large extent took the place of both modern friendly societies and trade unions; on the one hand providing assistance for their members in sickness and old age as well as a decent and religious burial, and, on the other, imposing various trade restrictions upon them. It would be immaterial to my present purpose to enter into the controverted questions with regard to the origin and history of these old religious and labour guilds, or to discuss whether or not there is any direct historical connection between them and the modern friendly societies and trade unions. I merely wish to call attention to the fact that throughout the whole course of English history the national character has constantly asserted itself in the direction of voluntary association. Whenever the few in power attempted to keep the many in subjection, the latter doggedly refused to submit, and the strength of their refusal lay in their power to unite. This capacity for organisation, either in resistance to a ruling class or for the purpose of providing against the accidents of life by means of mutual help, gives a decisive stamp to the English labour movement.

Social
conditions
at begin-
ning of
nineteenth
century.

2. Towards the end of the eighteenth and the beginning of the nineteenth century the necessities of the time gave a new impetus to the development of voluntary associations. The introduction of machinery, and a rapid transition from a system of small to one of large industries, had resulted in a complete disorganisation of the labour market. The legal regulations for the protection of labour were felt to be irksome and allowed to fall into disuse. The new class of employers consisted chiefly of self-made men who had risen from the ranks of workmen, and were bound by none of

those traditions which impose restraint on hereditary wealth. The old system of apprenticeship was virtually abolished, adult male labour supplanted by that of women and children, and the rate of wages reduced. The abuses which existed in the conditions of labour are now almost incredible. The hours of work were exhausting; the wages miserably low, and frequently paid in kind. Accidents were of daily occurrence. Women and children were employed in the most degrading surroundings. The English workman, says Dr. Baernreither, writing as an impartial historian, 'abandoned himself to excess, drink, and coarse debauchery, and the generation to which England owed the fabulous spread of her industrial supremacy, her commerce, and her wealth, lived in a condition which has often enough been depicted in dark, but only too faithful colours.' The official publications of the period justified the gloomy forebodings of revolution uttered by contemporary observers. The transition from small to large industries, and the extraordinarily rapid migration from country to town districts, due to the new demand for factory hands, had created new assemblages of workmen in the towns and manufacturing districts, with new and urgent wants. Under the new gentry the old system of local government in the towns became a means of oppressing the industrial classes, who were powerless to defend themselves. The evils were, perhaps, too great to be overcome by voluntary association alone; but at this time the organisation of the working classes for trade protection was illegal, and the most efficient means of self-help thus forbidden. It is true that associations of this kind did exist, but they were obliged to carry out their real objects under the disguise of mere friendly societies, or were forced into the dangerous position of secret societies, the illegality of whose existence afforded an incentive to lawless and violent methods of propaganda. When the era of reform came, as the result of a great moral awakening of the whole nation to a consciousness of the evils from which one class was suffering, it was natural that a great part of the new legislation

[2.] should take the characteristic form of the abolition of restraints upon voluntary association.

Develop-
ment of
working
men's
associa-
tions.

3. The repeal of the Combination Laws in 1824 and 1825, the Report of the Royal Commission on Trade Unions in 1867, and the Trade Union Acts of 1871 and 1876, mark out successive stages in the growth of public opinion in favour of perfect freedom of association. The extent to which the working classes have availed themselves of the opportunities thus given them can be only roughly indicated by the following figures, but these are striking enough to deserve attention. In the year 1893 there were 583 registered trade unions in the United Kingdom, 542 of which sent in returns of their membership and funds to the Chief Registrar. The total membership amounted to 1,080,465, and the total annual income to 1,790,197*l.*; and it must be remembered that these figures do not include the members and funds of either the forty-one registered societies which did not make returns, or of the very large number of unregistered societies, which may, it is computed, amount to half the number of the registered ones. Trade unions, however, form only one branch of the associations of working men, and the growth of the friendly society and co-operative movements has been no less remarkable. The Fourth Report of the Commissioners appointed to inquire into Friendly and Benefit Building Societies in 1874 estimated the total number of registered and unregistered friendly societies in England and Wales at 32,000, with a membership of over four millions, and funds amounting to more than 11,000,000*l.* In 1891 the number of societies registered under the Friendly Societies' Acts alone was 27,887 in England and Wales, with a membership of over seven millions, and funds amounting to more than 24,000,000*l.* In the United Kingdom the number of societies registered under the Friendly Societies' Acts in 1891 was 29,742, with a membership of 8,320,262, and funds amounting to 26,003,061*l.* To these must be added the registered building societies, which in 1894 numbered 2,378 throughout the United Kingdom, with a membership of

397,895, and annual receipts amounting to 17,319,114*l.* [3.] The industrial and provident societies, again, afford another notable example of the rapid and successful development of voluntary associations organised and managed by working men. In 1893 there were 1,831 such societies registered in the United Kingdom, whose members numbered 1,278,589, whilst their net profits amounted to 4,448,313*l.*¹ These details can only give a dim impression of the vast associative movement which has taken place in this country in the course of the present century; but the real importance of that movement lies in the influence which it has exercised upon the moral as well as the social development of the English working classes. The value of the trade union movement is to be estimated not so much by the extent to which it has raised the rate of wages or reduced the hours of labour, as by its educational influence as a preparation for the responsibilities of self-government. The greatness of the friendly society movement must be measured not more by the material aid which it has afforded to the working man in time of need, than by the stimulus which it has given to the moral qualities of thrift and personal independence. The worth of the co-operative movement does not depend only on its capacity to increase the purchasing power of the workmen's earnings, but also on the insight which it has afforded them into the complexities of business life. The education which these voluntary associations have provided for the working man has given a new purpose to his life. This fact is specially noticeable to a foreign observer. 'Still more than all this,' Dr. Baernreither states, 'the English workman, who has established and who directs all these countless associations of the most varied kinds, has ceased to be an inactive spectator of the State and society. His life has received a new purpose and character. . . . His understanding and his insight in economic matters are increasing; he is learning by his

¹ All these figures refer to registered societies only, and are taken from the Report of the Chief Registrar of Friendly Societies for 1893, or from a paper read by him before the Royal Statistical Society on April 23, 1895.

- [3.] own experience to recognise the difficulties which oppose themselves to the carrying out of social institutions ; he is becoming more moderate in his claims, calmer in judgment, and more contented with success. On the other hand, he is losing nothing of that pertinacity in the pursuit of his ends which has always been his distinctive characteristic. Step by step, by his meetings, journals, and congresses, he is attracting the general interest of the public, acquiring an influence in local bodies and in Parliament, and becoming a more active, independent, and powerful factor in Statelife. But the main thing is that the world of thought is filled with things clearly practicable and attainable, and that no Utopias find place in it.'¹

Develop-
ment of
employ-
ers' and
joint as-
sociations.

4. The associative movement among the employers of labour has been later in development than that among the employed ; but the same tendency to unite, when necessary, for the attainment of some common object is possessed by them. As individuals they have, however, more power in their hands, and have therefore less need to unite for the sake of mutual protection. Moreover, organisation is peculiarly difficult in the case of employers, owing to the fact that there is very seldom any absolute community of interest recognised among them.² In view of this fact, the extent to which organisation has developed in certain industries and districts affords striking testimony to the English capacity for association. The Mining Association of Great Britain includes 121 firms or owners in membership, representing a total of 115,977 men employed. The National Federation of Ship-builders and Engineers includes in membership owners representing a total of 45,000 men. The firms or individuals belonging to thirty-one organisations, information concerning which was received by the

¹ *English Associations of Working Men*, by Dr. Baernreither.

² It is true, of course, that with regard to the home market employers stand to one another more in the position of rival competitors than of allies, but this is not necessarily true in selling in foreign markets. Might it not be possible also for employers in such industries as the coal trade to realise that their interests are to a great extent identical, and for mutual agreements for their common good to replace the present injurious competition ?

Royal Commission on Labour, employed in all between [4.] 600,000 and 700,000 men.¹ The common-sense policy pursued by these opposing organisations of workmen and employers made each side to some extent recognise the point of view and legitimate rights of the other. The strength of the associations on either side engendered mutual respect. Their moderate attitude engendered mutual confidence. The way was thus paved for a voluntary solution of the problem presented by the antagonism of employers and employed, by the recognition of the partial identity of their interests in joint organisations. At the present time Joint Committees or Boards of Arbitration and Conciliation are in more or less successful operation throughout the iron and steel trades, in the coal- and iron-stone-mining industry, in the cotton-weaving industry, in the boot and shoe trade, the Wear ship-building trade, the Nottingham lace-making trade, and in a partial and local form in the building trades. Such has been the success achieved by these voluntary boards that they afford ground for the belief that social peace may be at length attained by means of voluntary organisation.

2. *Constitutional Aspect of the Principle of Self-help.*

5. That same spirit of personal independence which has led individual Englishmen to join in voluntary associations for the protection and furtherance of their private interests, rather than to call in the aid of the State, reappears in its corporate aspect in the relation which the English State assumes towards the individual citizen. For the early English Constitution was based upon the principle that civic rights depended upon the personal performance of civic duties, and recognised no other. Even the destitute had no *right* to the relief which kept him from starvation,

English Constitution before the nineteenth century.

¹ It is impossible to give any complete summary of the extent of employers' organisations at the present time, owing to the fact that there is no official publication for these associations corresponding to the reports on trade unions issued by the Board of Trade and the Registrar's Report on Friendly Societies, &c.

[5.] although the obligation and responsibility of relieving such destitution was imposed by the State upon certain duly appointed bodies of his fellow-citizens. At the beginning of the present century the whole fabric of local and central government was based on this correspondence between rights and duties, and, by what seemed a necessary consequence, upon the principle of a property qualification. Thus, Dr. von Gneist, describing the expansion of parish administration which took place at the time of the Reformation, says: 'From this duty of contributing to the rates was *derived* a local right of signifying assent, under the control of the justices of the peace. In the same manner there was established a system of parochial assemblies (vestries) to transact the economic business of the communal district.'¹ The local administration rested on a fivefold system of taxation—the church rate, the poor rate, the county rate, the borough rate, and the highway rate—the assessment, levying, and expenditure of which gave rise to the functions of the overseers of the poor, surveyors of highways, and parish vestries. The other branches of local government were conducted under the authority of the sheriffs, justices of the peace, lord-lieutenants, deputy-lieutenants, and coroners, whilst the ratepayers generally were liable to serve on the civil juries and special juries at the criminal assizes and quarter sessions, or were members of the assessment committees in connection with the land tax. Dr. von Gneist estimates that at the end of the eighteenth century there were in England and Wales 3,800 active county justices of the peace, of whom many were peers. At least double as many gentlemen filled the offices of militia officers and deputy-lieutenants; and about 10,000 jurors were engaged in the county assizes and four times a year in quarter sessions. In some 14,000 parishes and districts there were appointed annually at least one constable, one surveyor of highways, two church-wardens, from two to four overseers of the poor, and other

¹ Gneist, *Self-Government (Kommunalverfassung und Verwaltungsgesetze) in England*. Berlin, 1871.

officers and members of various boards. About 100,000 [5.] persons discharged duties in connection with the assessment committees. It is evident that in an electorate numbering at the most 200,000 persons such a widespread performance of personal civic duties must have afforded an education in the functions of government certain to lead to a careful use of the power to elect the central governing body. There was, moreover, a direct connection between the legislative and administrative functions; for until the time of the Reform Bill three-fourths of the members of the Lower House held offices of local government, which, it must be remembered, they were not appointed to, as in the United States, by the party in power at the moment, but held independently of any change of Government. At this period, indeed, the practical bent of the Anglo-Saxon mind showed itself in a strong distrust of any system of paid expert officials. The executive, administrative, and judicial functions could, it was believed, be performed in a more liberal spirit by well-educated practical men who held independent positions. These were aided by legal experts when necessity arose; but for the transaction of the ordinary business of government, character was held to be of infinitely greater importance than technical knowledge. 'Not by the forms of Parliamentary rule, but by personal activity in the daily work of the State, has the greatness of England been created. . . . The several elements of the political system are uniform, simple, and earnest. . . . But these simple institutions are firm and deep-rooted, and when put to the test under great trials they display the vigour and moral greatness of a proud and free nation. . . . For the first time in the history of the world, the conception of liberty was fully recognised in a great State system—*social liberty*, that is, the possibility of the lowliest, by merit and talent, to acquire fortune and honours; *personal liberty*, which, amid the plenitude of the State power, maintains respect for the person and property of the individual; *political liberty*, implying the capacity of the people to legislate for itself,

- [5. and to enforce of itself its own laws, through its own free self-government.' The glowing terms in which Dr. von Gneist has thus summarised the constitutional development at the beginning of this century give a description of English public life which is the embodiment of the principle of self-help. The expansion of England into Greater Britain was due to the unchecked individual energy and capacity of her people. Her system of Parliamentary government, resting on the county and parochial systems of local government, relied for its success on the same qualities directed towards the performance of unpaid civic duties.

Defects
in earlier
system.

6. There was a darker side to the social picture, however, which must not be forgotten. Nothing had been done throughout the eighteenth century for the relief of the lower classes. Large landed properties were on the increase, yet no measures were taken for the protection of small holdings. Taxation was allowed to press heavily upon the working classes; civil justice was so expensive as to be inaccessible to them; and some of the criminal laws were a disgrace to the statute-book. Sanitary legislation practically did not exist, and the Poor Law was administered in a manner which paralysed and degraded the poorer classes.¹ Moreover, early in the century there appeared a class of *nouveaux riches*—factory hands who had risen to be employers—with whom the old system of government had not reckoned. These new families grasped at the privileges attaching to the civil offices of magistrates and justices of the peace, without understanding or caring to perform the duties which they involved. The industrial changes at the beginning of the century had created many new and difficult social problems, whilst, in the towns especially, the power of the old system of government was weakened. The Reports of the Royal Commissions appointed to inquire into the administration of the Poor

¹ England was not, of course, peculiarly deficient in these respects. Factory and sanitary legislation existed nowhere at that time, but the rapid industrial development in England made the necessity for them especially urgent there.

Law through the vestries, and into the administration [6.] of the municipal boroughs, disclosed the existence of such grave abuses that reform was seen to be absolutely necessary.

7. The first step in this direction was made by the Poor Law Act of 1834, by which a centralised system of poor law administration was established under the Central Poor Law Board, with its inspectors and auditors. The Poor Law Union was substituted for the parish as the administrative unit, and the provision of relief was transferred from the justices of the peace and their officers to elective boards of guardians of which the justices of the peace were *ex-officio* members. These boards served as a model for others. The control of highways was transferred in 1835 to district boards. The Public Health Act of 1848 constituted local boards of health to deal with sewerage, drainage, lighting, &c., and a central Board of Health as a court of approval and control. The Municipal Corporation Act of 1835, which has been amended by as many as forty-two subsequent Acts, established a new municipal administration under a mayor, aldermen, and town councillors, keeping the police organisation under the control of special Peace Commissioners appointed by the Crown. This new form of self-government was gradually extended, and in 1870 the system was almost completed. By the Local Government Board Act of 1871, all the central State authorities appointed to supervise these various local boards were united in one body, the Local Government Board. Since 1870 a similar change has taken place in the matter of education by the introduction of local school boards under the central control of the Education Department. The principle of popular representation which had been applied to the municipal boroughs in 1835 was not extended to the counties until 1888, nor to the parishes until 1894. Now, however, this principle is the basis of the system of local government in all its branches. The municipal borough is governed by a Corporation, consisting of a mayor, aldermen, and councillors. The councillors are elected from the burgesses of

Develop-
ment of
modern
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[7.] the borough; they in their turn elect the mayor and the aldermen. The burgesses are liable to serve on grand juries and on petty juries in the borough. If elected as councillors, they are bound to serve in that capacity. The Local Government Act of 1888 provided for the election of a council in each county, which is constituted and elected and conducts its proceedings in a similar manner to the council of a borough. The Local Government Act, 1894, provided for the election of a parish meeting, or parish council, in every parish, and of a district council representing a group of parishes and taking the place of the old board of guardians. The powers of the parish council, elected on the principle of one man one vote, include the right of choosing the overseers of the poor, the repair of roads, the removal of nuisances, the control of charities, and various other matters; in fact, all the powers of the vestry, except those which relate to the Church, now belong to the parish meeting or council.

Character-
istics of
modern
system.

8. Thus, in its administrative aspect, the Constitution has since 1835 undergone a complete change from an aristocratic to a democratic or representative form of government. It is interesting to notice the impression that this transformation has produced upon the mind of such a close and enthusiastic student of the earlier forms of English Government as the late Dr. von Gneist. According to him, 'the perilous step of setting aside all personal duty and responsibility in the communal body has destroyed the whole structure.' It has resulted in 'a virtual withdrawal of the well-to-do and educated classes from local communal life, while the administration itself is kept together by a constantly spreading system of ministerial commissaries and ministerial orders.' Thus, the instability inherent in any system of government by party has been intensified. 'After the disappearance of all means for moderating the conflicts of social interests, *this* kind of party rule falls into a helpless dependence on unforeseen combinations of social interest, on relatively violent prejudices, on political agitation, and the tactical skill of party movement.' 'Both

parties have henceforth . . . become doubly dependent [8.] on the interests and fluctuating opinions of the day.' Dr. von Gneist wrote thus, it is true, before the Local Government Acts of 1888 and 1894 had given rise to that revival of interest in local government which has been one of the most striking features of recent English history, and caused the return 'of the well-to-do and educated classes' to fill numerous honorary and often laborious offices of administration.¹ But his gloomy picture would, I believe, have been still further modified if he had understood the influence which would be exercised by the bestowal of the franchise in 1884-5 upon some two million additional electors, chiefly of the working classes. Of these, Dr. von Gneist asserts that they are 'still less qualified to keep the traditional Parliamentary government alive than the previous two millions.' He fails to recognise that the working classes had been all the time training themselves in habits of 'self-restraint, . . . respect for the law,' and even 'political insight,' by their voluntary self-governing associations; and were perhaps better qualified to share in the government of their country than the middle classes previously enfranchised.² No attempt had been made by the State before the extension of the franchise to educate the working man for the responsible position he was called upon to occupy. The democracy has been self-trained in its associative movement, the very movement which for years the legislature had attempted to suppress.³ The new form

¹ It is interesting to notice that, whilst the wealthier classes are taking an increasing share in popular self-government, members of the working classes have been, and are still being, largely admitted to the non-elective office of justices of the peace, with excellent results.

² The middle classes here referred to had not, it must be remembered, had the public-school training which they now enjoy so largely. The extension, during the last fifty years, of the public schools must rank as a means of educating the middle classes in the capacity for self-government with the associative movement amongst the working classes. It affords also a striking instance of the power of our institutions to assimilate new material.

³ It may be observed that, although looking back now, it is easy to wonder that freedom of association was not granted earlier than it was;